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TAGS: [PREL](#) [PGOV](#) [ECIN](#) [EINV](#) [JO](#) [KWBG](#) [IS](#)
SUBJECT: AMBASSADOR'S MEETING WITH SHIMON PERES: AMBITIOUS
PLANS FOR THE PRESIDENT'S ROLE; PEACE VALLEY PROJECT;
DEALING WITH GAZA

REF: TEL AVIV 1039

Classified By: Ambassador Richard H. Jones, Reason 1.4 (b) (d)

1. (C) Summary. In a July 6 meeting with the Ambassador, President-elect Peres offered an ambitious agenda for his presidency, including restoring optimism to the Israeli public and reinvigorating Israel's relations with the American Jewish community. Peres thought Israel should not apply too much pressure on Hamas in Gaza, but rather force Hamas to take responsibility for Gaza's economic well-being. He noted that Jordan and the West Bank were increasingly linked and increasingly separate from Gaza. Peres reiterated (see reftel) his desire for the U.S. Government to declare its support for the Red Sea to Dead Sea Peace Valley project.

(Note: We have e-mailed a project description by the American company WMH Global to the NEA Front Office, NEA/IPA and NEA/RA.) Peres claimed that many third country private investors, including Americans, Japanese and Europeans, are ready to finance the Peace Valley project if the U.S. gave it an official seal of approval. According to Peres, Jordanian King Abdullah and Palestinian President Abbas fully support the project, which he believes will greatly benefit the economies of Israel, Jordan and the Palestinians. Peres said Israel can be a world leader in countering the two main threats to globalization, Islamic terrorism and global warming. Asked about Haim Ramon's role as Deputy Prime Minister, Peres said he had urged PM Olmert to have Ramon assume responsibility for economic issues with the Palestinians, including the Peace Valley project. Olmert, however, will retain responsibility for peace negotiations. End summary.

A New Kind of Israeli President

2. (C) The Ambassador, accompanied by PolCouns, called on President-elect Shimon Peres July 6 to congratulate him on his election and discuss his agenda. Peres, who will be inaugurated on July 15, said he would use the office to advise and influence. One of his top priorities will be to change the relationship between Israel and the American Jewish community to emphasize intellectual connections rather than financial contributions. Peres said his other priority will be to work for peace with the Palestinians.

3. (C) Regarding the Palestinians, Peres noted the strong and growing connections between 2.5 million Palestinians in the West Bank and Jordan, with its "4 million Palestinian" citizens. Israel should take advantage of Hamas' rule in Gaza to force Hamas to take responsibility for the well-being of Gaza residents. Israel should "not be brutal" with Gaza;

if the Qassam rockets stop, Israel can live in peace with a Hamas-run Gaza. Israel should move quickly to reengage in political negotiations with the new Palestinian government while working to create economic conditions in the West Bank similar to those in Jordan, including QIZs and Japanese and European-financed industrial parks. Political negotiations for a Palestinian state in the West Bank should proceed in parallel. If the Gazans then want to join in, they would be welcome. Relations between Jordan and the West Bank would be based entirely on economic cooperation, since a political confederation would be too risky for the King.

Peace Valley Project

14. (U) Peres termed the Peace Valley project (reftel) from the Red Sea to the Dead Sea the first step. The valley is 520 kilometers in length, of which only 100 kilometers includes the West Bank. The border between Israel and Jordan has no fences and no minefields, Peres observed. In addition to the enormous water projects that would "irrigate Israel, Jordan and the West Bank as well as save the Dead Sea," the Peace Valley would start with a new airport serving both Eilat and Jordanian Aqaba. Peres said the project would include the creation of three artificial lakes and related tourism and residential projects. It would be entirely funded by private investors and would result in a tremendous increase in the value of the surrounding land. Three things are still needed: overcoming the Israeli bureaucracy; an MOU with Jordan; and the "moral and political support" of the United States, not U.S. money. Peres said he could not understand why the U.S. appeared to consider this project marginal, especially since it has been declared a national priority by the GOI and has the support (in writing) of King Abdullah, President Abbas, and Prime Minister Olmert. He

argued that political support from the U.S. would help overcome the other remaining obstacles.

Threats in a Global Age

15. (C) Peres commented that while governments were still national, the economy had become global. Many old problems were disappearing as a result. Racism had been the key issue in the U.S. when he first visited fifty years ago, but not any more. It was impossible to be racist in a global environment. This sea change was, however, threatened by two phenomena: Islamist terrorism and global warming. The terrorists are fighting the modern world with modern means, while global warming puts the entire world in danger. Israel should become a world center in the fight against terrorism, while helping address global warming through new technologies. Peres agreed with the Ambassador's comment that the presidency would offer him a new podium. He said he looked forward with great enthusiasm to working with civil society and the private sector.

Ramon's Role, Development of the Negev and Galilee

16. (C) Asked about the role of newly appointed Deputy Prime Minister Haim Ramon, Peres said he had suggested to Olmert to make Ramon responsible for economic relations with the Palestinians, including the Peace Valley project. Peres said that Olmert will want to continue to run the peace negotiations with the Palestinians himself. Peres stated that he intends to remain involved in his former ministerial portfolio, the development of the Negev and Galilee regions, and would work closely with the new minister, Yaakov Edri. Those regions could be developed with private funds, Peres stressed.

<http://www.state.sgov.gov/p/nea/telaviv>

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JONES